

DEVELOPMENT ALTERNATIVES, INC./ FINNET (DAI/FINNET)
Contract No. 521-C-00-00-00019-00
QUARTERLY REPORT (APRIL - JUNE 2001)

CONTRACT OBJECTIVES

USAID Haiti Economics Group:

- Strategic Objective 1: Sustainable Increased Income for the Poor
- Intermediate Result 1.2: Small and Micro-entrepreneurs Economically Empowered

In the context of USAID Haiti's Strategic Objective 1 and Intermediate Result 1.2, DAI/FINNET's goal is to facilitate the development of microfinance in Haiti to serve the working poor. DAI has organized its work into two principal categories, which are institution building and industry building.

EXECUTIVE SUMMARY

During the quarter from April through June 2001, noteworthy progress was made in both institution building and industry building activities. The momentum which has increasingly accelerated over the first year of FINNET reached a high point in the quarter with several training events, numerous contacts with diverse parties interested in microfinance, and tangible results in partners' progress. All of this dynamic is proof that microfinance institutions (MFIs), local service providers, government bodies, financiers, donors, and business people have accepted the role of microfinance and its contribution to the country's economy and are engaged in the advancement of the sector.

In May, Development Alternatives, Inc.'s Chief Executive Officer, Tony Barclay, visited DAI/FINNET and DAI/HAP. He attended the inauguration of DAI/FINNET's Resource Center. In June, Philippe Rouleau, the senior manager at Développement International Desjardins in Quebec, also visited DAI/FINNET to review progress in the activities specified in the sub-contract between DAI and DID.

A summary of the principal activities and the leading developments for the quarter are:

- **Training:**

At the heart of institution building is training. From the top managers to the most junior staff, training must be provided. Using our initial training needs assessments of our key partners, several different kinds of training sessions were offered during the quarter. These sessions included the following:

- Treasury Management (senior managers and financial managers),
- Adult Education Training Methods (senior to mid-level managers, especially field staff),

- Time Management and Organization of Work (mid-level managers, credit officers and administrative staff),
- Microfinance Network International Conference (senior managers).

- **Information Dissemination and Outreach:**

Key elements in industry building are: generating interest in the issues, disseminating the right information distilled from the plethora of data that exists, being available to help the greatest number of diverse, concerned parties, and putting the different players in contact with one another. During the quarter, several of these elements came to the fore.

Among these are:

- DAI/FINNET's Resource Center in Port-au-Prince was inaugurated and its website enhanced; Partners in Les Cayes also received an orientation to the website.
- The third national census on MFIs was distributed.
- Presentations, meetings, and briefings on microfinance were organized with over 10 different groups ranging from government ministries to rural associations, donors, international NGOs, and non-partner MFIs.
- Work on developing financial and operational performance standards for key partners neared completion.

GENERAL ACTIVITY REPORT

Similar to previous quarters, the general activity report is divided into three parts that correspond to the three principal segments of our work. As outlined in TAMIS Document #1, they are: industry component, institution building component, and financing component. Where possible, documents generated from TAMIS are used as supporting documents for quarterly reports.

INDUSTRY COMPONENT

Information and Networking:

- **Resource Center & Website**

An official opening of the Resource Center was held on 3 May to orient MFI partners to the new features of the Center. Over 31 guests from 22 institutions and organizations attended the inauguration. A presentation was made of DAI/FINNET's website, www.daifinnet.com and the links to the Resource Center.

During this quarter, the website received 200 visitors and had nearly 9,000 page hits. Over the next several months, the features of the website will be enhanced and its use will be promoted. DAI/FINNET intends to use the website as one of the principal ways by which information is disseminated to its partners and other stakeholders. This has become feasible as most partners now have access to the Internet at their head offices and over half of the provincial capitals now have Internet access. DAI/FINNET's regional offices, the CARMs, will also be connected so that partners in those regions without their own computers and Internet connections can be regular users. The connection is already operational in CARM-SUD and partners have received initial training on how the computer can be used for communications (email), research (Internet), and daily management of operations (Word, Excel software).

- **National Microfinance Database**

The third edition of DAI/FINNET's database that publishes information on microfinance institutions in Haiti was distributed in May. The survey is one of the few sources of statistics available on microfinance institutions in Haiti. The data has even been used by the Central Bank in their Annual Report.

101 microfinance institutions formed the basis of the survey. It is estimated that this covers about 90% of the institutions of any consequence in terms of size and institutional capacity. The database does not include the hundreds of very small community based organizations in Haiti.

A summary of the key data for the 101 institutions is:

- 61,560 loans valued at USD 25.7 million
- 159,531 savers with savings valued at USD 20.9 million
- 72% of reporting institutions are credit and savings cooperatives.

The list is distributed to all participating institutions as well as more than 40 other parties including donors, technical service providers, government agencies, professors, and other professionals.

Given the cumbersome logistics in gathering the data and the limited value added in having a semi-annual rather than an annual survey, future surveys will be done once a year.

Industry Infrastructure:

- **Credit Information Exchange & Credit Bureau**

Each month the Bad Debtors List for Metropolitan Port au Prince has been distributed. At 30 June 2001, there were 3,766 names on the list. It is now projected that the first list for the Southern Province to be published by CARM Sud will be distributed in early September based on data from the end of August.

- **Performance Standards**

The working committee comprised of three MFIs, DAI/FINNET, and its subcontractor Group AGIR completed their work on defining a set of performance standards. A large portion of the work consisted of clearly determining the method of calculation for each indicator chosen. Previously, most MFIs presented a similar set of indicators but they were not comparable across institutions since the methods of calculation varied greatly.

By the end of September, a set of norms will be established. The process has been a long, deliberate one to ensure that the MFIs have a sense of ownership and have completely bought into the idea of setting and managing by comparative performance standards. Rather than adopting a fixed value for each indicator that would be a minimum standard, the participating MFIs decided to define a value for each indicator that would serve a “red flag” signal that the institution is heading towards trouble. The hope is that indicators will be viewed as a useful management tool, rather than a set of ratios to be calculated for donors. After these MFIs has worked with the system for several months as a group, they will invite other MFIs to join the group. In the medium term, it is hoped that these standards will become national ones.

New Product Development:

- **Insurance**

Olivier Louis dit Guerin, the ILO technical specialist for micro-insurance, spent three weeks in Haiti to review the findings of the feasibility study and complete the design of a health insurance pilot project with COD/EMH. Since his last visit in December, DAI/FINNET’s local consultant helped COD/EMH - Haiti’s largest village banking program and a DAI/FINNET key partner - gather and analyze the data needed to determine the structure and terms of the health insurance product.

Once COD/EMH key personnel, Mr. Louis dit Guerin and the local consultant designed the product, they traveled to the field to validate their proposal with the future policyholders. This was an important step to ensure that the product responded to priorities and would thus obtain a critical mass of subscriptions. To date, the medical services to be covered have been defined. They are maternity by a midwife, hospitalization, and the transportation cost of transfer to pre-determined more sophisticated hospitals in the capital. The premium is tentatively set at approximately USD 35 for an average family of 6. Two health centers have been chosen as the health care providers.

Collection of premiums is scheduled to begin in September and policyholders will have access to coverage in November after a two-month waiting period. For the initial pilot phase, COD/EMH is targeting 20 village banks in the area of Petit Goave with projections that at least 10 women per bank will subscribe to the insurance.

DAI/FINNET will provide general supervision during the pilot and will constitute a reserve fund in case of need. The project will also extend the contract of the local consultant through December 2001. In the next months, the operations manual and other management tools will be developed. An intensive program of training and education on the functioning of the insurance product, the concept of planning ahead, and the role of the health care providers will also be prepared.

Mr. Louis dit Guerin will return to Haiti in August to design the pilot project for the Albert Schweitzer Hospital. In this case, rather than linking microfinance to micro-insurance, we will be promoting a health care provider to create and offer its own insurance product.

Based on the results of these pilots, a decision will be made at the end of the year on future expansion of the product.

To provide a written framework for the on-going collaboration between the UNDP/ILO and DAI/FINNET to develop a micro insurance product for Haiti, a memorandum of understanding was signed by the two parties. DAI/FINNET also met with the Deputy Resident Representative of UNDP to formalize the relationship. An annual work plan and budget have already been prepared. The annual budget for each party is approximately USD 50,000.

Policy Environment:

- **Legal/ Regulation & Supervision**

Due to the impasse in the national political situation, no further action was taken by the legislature on two draft laws that are important to microfinance institutions. The two laws in question are a new Financial Institutions Law and a new Associations Law. For reference, DAI/FINNET's collaborator on this initiative is the KNFP, an association of MFIs. At a recent round table discussion, several non-members MFIs expressed interest in joining the group, especially in light of the move to promote legal reform.

INSTITUTION BUILDING COMPONENT

Non-Bank Technical Assistance:

DAI/FINNET's assistance to key Tier 1 partners focused on training this quarter. In addition to a two-day workshop on treasury management, two non-microfinance related training sessions were also organized. The first was a repeat of the successful time management training held in March while the second covered adult education techniques. While microfinance remains the core pillar of DAI/FINNET's work, we also recognized that MFI management and staff need training on other skills that could help them to carry out their responsibilities more effectively. Overseas training is another important aspect

of DAI/FINNET's technical assistance. These international conferences provide a valuable networking opportunity for our partners and help to reinforce commercial principles and best practices.

In addition, a more systematic follow-up element is also being built into each training session to ensure that the learning is being applied. For instance, after the treasury management training, the trainer spent one day with each institution to help integrate the cash flow model in the institution's system and to make appropriate adjustments to the model to suit the needs of the institution.

The following table shows the training seminars that were offered to non-bank partner institutions during Y2Q1.

ACTIVITY	DATE	ACLAM	ACME	COD/EMH	MEDA
<i>Port-au-Prince Based</i>					
Cash Management	April 17-18	✓	✓	✓	✓
Time Management	May 4	✓	✓		✓
Adult Education	May 7-11	✓		✓	✓
<i>Overseas-based</i>					
Challenges to Commercialization	June 4-6			✓	✓
<i>CARM-Based</i>					
Partners Forum in CARM-Nord Ouest	April 26	✓			
Partners Forum in CARM-Sud	May 23	✓		✓	✓

- **Individual Institutional Interventions**

ACLAM

- ACLAM senior and field staff actively participated in the training sessions provided by DAI/FINNET this quarter.
- Clear messages were given repeatedly to ACLAM management about the poor quality of their loan portfolio. It was suggested that management focus on this as their main priority. Some recommendations were made regarding the production of late loan reports, loan portfolio management reports and various procedures to improve on-time loan repayments.

- Following the treasury management workshop, DAI/FINNET adapted a treasury management model to ACLAM's needs for calculating the interest rate on the loan portfolio, commission income, and interest on borrowings. The structure was also changed to monthly projections only.

ACME

- ACME continued to participate in relevant training sessions offered by the project and to contribute to the bad debtor's list.
- The institution has made an assertive effort to improve its portfolio quality. At the end of this quarter, ACME's portfolio at risk (>30 days) was reduced to 7%.
- ACME's leadership transition took on an added urgency this past quarter with the resignation of the deputy director. DAI/FINNET worked with the director to suggest names of qualified personnel to lead the institution and to explore potential alliances with other financial institutions. Negotiations began with one of the persons recommended to ACME as a possible director.
- ACME tested several portfolio management information systems, and decided to pursue a comprehensive test of Loan Performer out of Uganda.

COD/EMH

- In addition to attending the DAI/FINNET trainings in Port-au-Prince, COD/EMH also benefited from its participation in the Commercialization of Microfinance conference in Washington D.C., particularly those sessions on applying commercial principles to an NGO and governance.
- Work on the accounting plan and ACCPAC continued during the quarter. The lengthy recruiting process for a new qualified accountant finally ended in June with the hiring of Osé Castin. Mr. Castin spent one week with Group AGIR to receive training on ACCPAC. The institution is in the process of reviewing the reports and manuals developed by AGIR, and is also conducting verification of the data inputted into the system.
- Following the workshop on treasury management, DAI/FINNET met with COD/EMH for a full day of consultation. The discussion focused on the institution's existing decentralized system and the problems of communications between the various regions and the central office in Port-au-Prince. It was suggested that COD/EMH continue to approach treasury management on a decentralized basis given the communications problems. When communications and money transfer systems are improved, the treasury management function could be centralized. The treasury model was adjusted to better meet COD's needs. These changes included utilizing it as monthly, allowing for transfers from the central office, and designing formulae for the calculation of interest. The new

model will be introduced on a pilot basis in Cap Haitien before being rolled out across all the regions.

- DAI/FINNET continued to provide technical assistance to COD/EMH on its pilot health micro-insurance project in Petit Goave. See the Industry Section of the quarterly report under New Product Development for more information.

MEDA

- MEDA actively participated in all the trainings provided by DAI/FINNET. The Country Director also attended the international conference on Commercialization of Microfinance and in the coming quarter, other senior and middle management staff will be attending intensive training on microfinance in Boulder, Colorado.
- At MEDA's request, DAI/FINNET visited 6 village banks in the regions of Léogane and Robillard to evaluate its internal account management. The visit raised several control and management issues that need to be addressed. DAI/FINNET assisted MEDA to develop a detailed work plan for the implementation of an improved internal account policy. Concurrently, a working group comprised of 3 MEDA staff and 2 members from DAI/FINNET was formed to review the existing internal account managed tools used by MEDA and to make recommendations for their improvement. DAI/FINNET made several suggestions to reduce the number of form currently being used and to streamline the management and reporting systems. MEDA's reaction to the proposed changes is pending.
- DAI/FINNET met with MEDA following the treasury management workshop. MEDA is undergoing a transition of its operations including the a review of its MIS systems and its interest rate calculation method, the consolidation of the three credit projects and the preparation of its business plan. It was, therefore, suggested that MEDA delay implementing a full-blown Treasury Management model until after the above-mentioned transition is completed. In the interim, a pilot treasury management model was tailored for implementation for the CODEP Program, MEDA's oldest credit program. Additionally, formulae for automatically calculating interest receivable and payable on investments and borrowings, and for the receipt of interest on the loan portfolio, were prepared and included.
- The institution plans to hire a Regional Coordinator for its program in Cap Haitien. Since DAI/FINNET is vetting candidates to manage the new CARM office in the North, the project will refer those candidates that would be qualified for MEDA's staffing needs.

Commercial Bank Technical Assistance:

• Individual Institutional Interventions

Banque de l'Union Haitienne (BUH): Technical assistance to BUH was slowed during the quarter with the announcement of the imminent acquisition of BUH by SOGEBANK. Since BUH's Kredi Popilè product would be absorbed into SOGESOL, the microfinance subsidiary of SOGEBANK; it was not considered appropriate to continue with new product development, officer training, etc.

Nonetheless, DAI/FINNET continued to monitor BUH's Kredi Popilè operations and consulted regularly with the product manager. Before the acquisition was announced, DAI/FINNET had arranged for FONKOZE to meet with BUH to discuss outsourcing its IT work to the Bank. Unofficially, it also met with SOGESOL's technical service provider, ACCION, to discuss implications of the merger. Finally, BUH's manager was sponsored by DAI/FINNET to attend the Microfinance Network Conference in Washington in June.

Credit Union Technical Assistance:

A detailed report of DID/Desjardins activities for the quarter is included in the supporting documents section of this quarterly report. In summary, agreements have been signed to assist five credit and savings cooperatives. Two are in the Southeast, two in the South, and one in the Northwest. Negotiations are well advanced with three other cooperatives. Of the five with whom agreements have been signed, three are more advanced than the others are. Numerous delays have been encountered due to problems in finding the right manager, an appropriate office space, and in meeting certain pre-qualifying criteria.

As was the case with DAI/FINNET, the results monitoring and reporting for DID/Desjardins will begin this quarter with the basic information that is available. As institutions implement adequate financial systems, the reports will be enhanced.

Training and Tools:

➤ Treasury Management:

Following up on the series of business planning seminars offered to partners, DAI/FINNET recruited the same consultant, Graham Perrett, to teach a two-day course on Treasury Management on April 17 and 18. Sixteen (16) participants composed of general managers, financial managers and credit coordinators from the project's four non-banking key partners attended. During the training, treasury management and its role in the framework of strategic and operational planning was defined. The components and risks of treasury management were also discussed. Participants were particularly interested in understanding the impact of inflation, natural disasters and foreign exchange

movements on treasury management. On the second day, participants learned how to use a simple Cash Management model designed by Mr. Perrett.

It was evident that most participants had difficulty distinguishing between accounting/finance management and the treasury function. Mr. Perrett repeatedly stressed the differences between the two, insisting that treasury management is predictive rather than historical and deals with cash inflows/outflows rather than the recording of income and expense on an accounting basis. He also emphasized the importance of holding one person in the institution responsible for managing the MFI's cash flow on a regular basis.

The workshop was followed up with a day's tailored technical assistance for each participating institution. After reviewing the MFIs' existing treasury management models and policies, Mr. Perrett worked with senior management to introduce improvements. The Cash Management model was adapted to meet the realities of each institution. In looking at where the information would come to be inputted into the model, once again, the importance of having an effective, reliable and timely MIS system was made clear. With so many issues being directly linked to MIS, DAI/FINNET's management is even more committed to following-up on its March conference on information technology and telecommunications by launching an IT initiative for its key partners.

➤ **Microfinance Network Conference (Washington DC), “Challenges to Microfinance Commercialization”:**

Haiti was well represented at the “Challenges to Microfinance Commercialization Conference” organized by the Microfinance Network and Accion International in Washington 5-6 June. 17 persons from eight microfinance institutions and two local service providers attended the two day meeting, which addressed many of the pertinent issues for MFIs in Haiti at this particular stage of their development. Sessions on institutional transformation, access to capital, ownership/governance, credit bureaus, and rural finance were especially valuable.

As a follow-up to the conference, DAI/FINNET will invite representatives from BUH, COD/EMH, and FONKOZE to share their lessons learned from the sessions they attended at the quarterly Round Table for MFI Managers. In addition, DAI/FINNET is organizing a one-day workshop in September with the key personnel from three of the institutions that attended the conference to develop a concrete action plan for their own institutional transformations.

➤ **Time Management and Work Organization Training for Mid-level Managers and Loan Officers:**

As part of its general business skills training series, a second session on time management was held on 4 May for 18 persons from 4 institutions. Previously, a group of 17 had been trained.

➤ **Adult Education Training Techniques:**

Given the importance of adult education, DAI/FINNET contracted Global Learning Partners (Jane Vella Approach) to teach the basics of adult education to 12 staff of its key partners and its own CARM field staff. A five-day course was organized 7 - 11 May. On 30 May, DAI/FINNET organized a follow-up to the training to review the videotapes made of the participants applying the new techniques to training modules that they developed. Some of these modules will hopefully be used for training at the participating institutions. Two other courses on adult education are planned for September.

➤ **Tool for Managing Internal Accounts of Community Banks :**

On 30 May, DAI/FINNET organized a working session with MEDA senior management and credit officers to set priorities for the new internal account system. DAI/FINNET provided feedback based on observations of the current system made during field visits. It was evident that the concept of an internal account was not well understood, in spite of the fact that MEDA village banks have them. Most of the day was spent on making the more theoretical information clear. Then working group activities were organized to help MEDA analyze what is really happening in the field and how to correct the shortcomings using their new understanding of the internal account.

General Advisory Services:

Tier Two Partners

➤ **Fonkoze:**

FONKOZE receives tailored assistance in one or more areas. As a member of the working committee to help Fonkoze prepare and implement its conversion to a commercial bank, DAI/FINNET met several times with FONKOZE during the quarter. The principal tasks were to evaluate new software packages and to prepare for a meeting with the Central Bank, the Minister of Finance, and the Minister of Commerce.

➤ **Capital Bank:**

DAI/FINNET continues to advise Capital Bank on their plans to start microfinance operations. The Bank is nearing completion of its institutional assessment of the Haitian Development Foundation. Its memorandum of understanding to explore merger opportunities with ACME will most likely expire.

➤ **Fodepe:**

FODEPE is the dedicated microfinance arm of World Vision Haiti, and had been one of PRET's main partners. Due to enduring management problems and lack of a long-term strategy, they were not a candidate in the beginning to become a DAI/FINNET key partner. However, the new management team has made tremendous strides in addressing

FODEPE's issues and DAI/FINNET believes it is now worthwhile to begin work with them, starting as a Tier Two partner. They will receive assistance for accounting, on-going training of credit officers, and specialized training for management. One of the first steps will be to send the director to Boulder for intensive training in microfinance.

Donor, Non-partner MFIs, and Technical Service Providers

This quarter DAI/FINNET staff met with, advised, or gave briefings to several diverse parties interested in microfinance. The most substantive were:

➤ **Fonds de Développement Industriel (FDI)**

Alexia Latortue joined Donald Sam of USAID to give a presentation on the importance of networking among microfinance institutions at a seminar on microfinance organized by the Fonds de Développement Industriel (FDI). The FDI, a window of the Central Bank, has some funding available for MFIs. Presently, qualifications for financing are linked to CAMEL type standards, some of which have not been realistically selected. DAI/FINNET hopes that its work on « standards » will contribute to helping FDI choose better criteria.

➤ **Ministry of Women's Affairs:**

On 10 May DAI/FINNET met with the Permanent Secretary of the Ministry of Women's Affairs to discuss the various types of microfinance services available in Haiti. The Ministry is in contact with a large number of women's associations and wants to be able to refer the organized groups to established MFIs. A lively discussion was held about interest rates, the importance of training and associated services such as literacy and enterprise development, and balancing an MFI's objective of sustainability with meeting the overwhelming needs of poor women.

➤ **Peace Corps Training:**

As has been done in the past, DAI/FINNET presented an introduction to microfinance in Haiti to Peace Corps trainees who are slated to work with community based microfinance institutions, often credit and savings cooperatives. On 4 May DAI/FINNET met with 16 trainees at their regional training office in Arcahaie.

➤ **Micro Credit National's New Credit Officers Briefed by DAI/FINNET:**

Much like the Peace Corps, Micro Credit National, the micro finance subsidiary of Unibank and an IPC partner, requests that DAI/FINNET makes a presentation on « microfinance in Haiti » to all of their new employees. On 7 May, 16 new credit officers attended a session at DAI/FINNET's Resource Center on microfinance best practices, different methodologies, and lessons learned in Haiti. A quick introduction of the Resource Center was also made to encourage the credit officers to keep learning about microfinance in Haiti and elsewhere.

➤ **Rural Associations:**

At the request of the « Association des Paysans de Vallée » (APV), DAI/FINNET traveled to Petit Goave on 16-17 May to conduct a quick field assessment of the microfinance activities of the APV. APV is a local association that has had an informal microcredit activity since 1990, which was made more formal in 1996 with assistance from the UNDP, the European Union, and the Soros Foundation. They are now seeking technical assistance from DAI/FINNET, recognizing the need for and value of regular, structured technical assistance.

➤ **CARE:**

Building on its experience elsewhere and also on its work with ACLAM, CARE met with DAI/FINNET to discuss potential future collaboration in developing generic visual aids for use in training members of village banks. Given its own observations of training needs, DAI/FINNET is very interested to pursue this idea.

➤ **Plan International:**

Plan International is restructuring its microfinance program. They have sought DAI/FINNET's advice on what works in the marketplace, what the needs are, and how to train field staff and managers.

➤ **Dutch Government:**

The Dutch government is already a donor to COD/EMH, one of DAI/FINNET's partners. They requested advice on how to best expand their assistance for microfinance in Haiti.

CARMS:

On 26 April a meeting was held for 11 microfinance institutions in the Northwest. In addition to presenting DAI/FINNET's activities, a debate was organized on the theme « Microfinance – Project Approach vs. Institution Approach ». DID/Dejardin's team was also present to answer questions about their technical assistance program financed by DAI/FINNET – USAID. On 3 April, the manager of CARM-Nord Ouest attended the Infotel fair on technology organized by Group Croissance in Port-de-Paix.

A permanent Internet connection has been installed at the CARM - Sud office in Les Cayes. On 23 May a presentation was made to CARM partners in the South to show them how to use the Internet and also to present to them DAI/FINNET's website, www.daifinnet.com. Participants expressed interest in receiving additional training on the Internet as well as basic office software such as Word and Excel. The CARM plans to look into offering this training as part of its service package.

Osé Pierre, DAI/FINNET's regional officer coordinator, completed an evaluation of the two regional offices in Port de Paix and Pignon. These two offices have not been as active as the one in the South, due to a lack of concentration of microfinance institutions. Based on Mr. Pierre's evaluation, a decision has been made to consolidate the two offices in Port de Paix and Pignon in a single office and relocate it to Cap Haitien. This is being done in the interest of better addressing the needs of our partners and extending our outreach more effectively. Both of the existing offices will be closed by 30 June. The new office in Cap Haitien will open as soon as premises are ready.

SIFWIN:

Final testing of SIFWIN by a software specialist is still pending. Arrangements will hopefully be made in September. After that, a decision will be made about SIFWin's future prospects.

FINANCING COMPONENT

SOFIHDES Technical Assistance:

In addition to serving on the MIF approval committee, DAI/FINNET continued to work closely with SOFIHDES on the operational aspects of the MIF. In conjunction with USAID's revision of its Cooperative Agreement with SOFIHDES, several recommendations for changes were made. The disbursement process still remains very slow for a combination of reasons including no alacrity shown on the part of SOHIDHES' consulting firm that does institutional assessments, and problems in the balancing financial statistics between SOFIHDES and USAID.

As of the end of the quarter, a total of USD 935,700 from the MIF had been committed. The breakdown is as follows:

Date: 31 March 2001	Amount Committed in USD	# of Beneficiaries
Capitalization	820,000	6
Institution Building	39,000	3
Special Projects	78,000	3
Total	937,000	12

DAI/FINNET has also worked closely with USAID and SOFIHDES in reviewing the Agricultural Guarantee Fund. After having met with many of the participating commercial banks, recommendations have been made for changes.

Small Grants Program:

The first disbursements were made under the transformed small grants program, now referred to as the Institution Building Financial Assistance Award. They are summarized in the table below.

Organization	Award Purpose	Amount (USD)
BUH	➤ Attend Challenges to Commercialization Conference (1 participant)	1,816
COD/EMH	➤ Attend Challenges to Commercialization Conference (2 participants)	3,632
	➤ Attend Boulder Microfinance Training (1 participant)	8,000
FODEPE	➤ Attend Boulder Microfinance Training (1 participant)	8,000
FONKOZE	➤ Attend Challenges to Commercialization Conference (2 participants)	3,632
MEDA	➤ Attend Challenges to Commercialization Conference (1 participant)	1,816
	➤ Attend Boulder Microfinance Training (3 participants)	24,000
Total:		\$50,896

Close-out of FINCA Special Grant

The USD 80,000 special grant (PO-001) to FINCA Haiti signed for the period of July 2000 to March 2001 was formally closed out during the quarter. All the reporting requirements of the grant were met and DAI/FINNET visited three FINCA banks in May to see progress made by the institution during the grant period. FINCA Haiti submitted its final report on July 11, 2001.

PROJECT MANAGEMENT:

Personnel:

As of 30 June, DAI/FINNET employed 14 people; five senior, four junior, and five support. At the end of the quarter, the contract for the supervisor of the CARM Plateau Central was not renewed given the closure of the office. One local consultant, Jocelyn Viau, was hired to work an additional 130 days on micro insurance. In the upcoming quarter two new staff will be recruited: a manager for the new CARM office in Cap

Haitien and a mid-level staff to assume partial responsibilities for the Resource Center, organizing conferences and other meetings, and to coordinate special projects.

On 9 April, Nhu-An Tran joined DAI/FINNET. She transferred from DAI's head office. She assumed some of the responsibilities of Tom Lenaghan as the manager of programs and special projects and will progressively assume the responsibilities of Alexia Latortue, who is scheduled to leave in September 2001.

In May, Milhouse Lubin spent two weeks at DAI's head office in Bethesda to be trained to be the TAMIS manager for DAI/FINNET, to sort out some problems between the Field Accounting System and DAI's main accounting system, and to learn some basic contracting information to help in the execution of local contracts and sub-contracts.

DAI/FINNET requested USAID to approve an exceptional cost of living increase for its local employees of 16% in view of the depreciating gourde and the resultant increased living expenses. Approval was received for a 7% increase effective 1 April 2001.

Results Reporting – Monitoring & Evaluation:

A separate section of the quarterly report is devoted to the statistical results of key partners. As the reporting systems of partners improve, the information in the report will be enhanced.

Budget Comments:

As of 30 June 2001, a summary of financial information pertaining to invoicing is as follows:

Contract Amount: USD 10,307,002

Amount Obligated: USD 3,650,000

Cumulative Amount Invoiced: USD 1,463,811

Average Monthly Burn Rate: USD 97,587

Due to the facts that: 1) Desjardins' activities have assumed full speed, 2) the issues regarding the Small Grants Program have been resolved, and 3) the accelerated pace of technical assistance now that key partners have been identified; it is projected that the average monthly burn rate will progressively increase to USD 120,000.

Given the increased use of local and international consultants, lower than anticipated capacity of our local sub-contractor AGIR, and the change in the composition of expatriate staff, a budget re-alignment may be appropriate. Once a financial analysis has been conducted and matched with revisions in the work plan, this subject will be discussed with USAID to determine the right course of action to follow.

TAMIS DOCUMENT INDEX

1. Major Work Plan Components
2. Partners Report
 - a. Tier One
 - b. Tier Two
3. Resource Center Activity Report
4. Action Memorandum Report
5. Cumulative Output Report
6. Training Statistics Report

PARTNER LIST
TAMIS Document # 2

TIER ONE - KEY PARTNERS

INSTITUTION	METHODOLOGY	COMMENTS
ACLAM (World Concern)	Village Banking	NGO
ACME	Individual Loans	NGO
Banque de l'Union Haitienne (BUH)	Individual Loans	Commercial Bank
COD/EMH	Village Banking	NGO
MEDA	Village Banking	NGO

TIER TWO PARTNERS

INSTITUTION	METHODOLOGY	COMMENTS
Capital Bank	Individual Loans	Commercial Bank
FODEPE (World Vision)	Village Banking	NGO
FONKOZE	Solidarity Loans	NGO
GRAIFSI	Credit Mutuals	NGO